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# Senior Loan Officer Survey

on Business-Lending Practices in Canada | Results of the Second-Quarter 2013 Survey | Vol. 6.2 | 8 July 2013

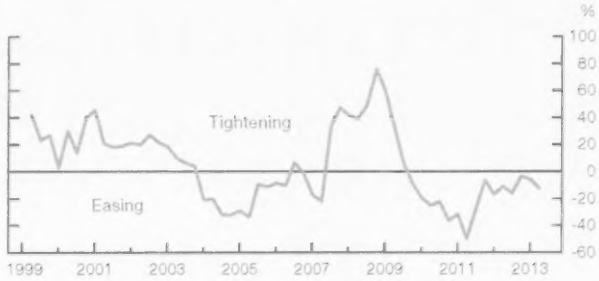
This *Senior Loan Officer Survey* (SLOS) was conducted between 10 and 14 June and focused on changes to business-lending practices in the second quarter of 2013. Since the time of the survey, interest rates have risen in a range of markets.

- The survey pointed to continued easing in overall business-lending conditions during the second quarter of 2013 (**Chart 1**). This followed a slight easing in the previous quarter, unchanged credit conditions in 2012Q4 and a period of almost uninterrupted easing from late 2009 to 2012Q3. The net easing occurred in the price aspects of business lending, as well as in the terms of credit (**Chart 2**).[1] Note that the balance of opinion indicates only the direction of the change in lending conditions; it does not provide information on the magnitude of the change.
- Survey responses indicated that price conditions eased for all categories of borrowers. Non-price conditions eased mainly for commercial and small-business borrowers, and were nearly unchanged for corporate borrowers.
- Senior loan officers noted ongoing competitive pressures among lending institutions and from capital markets during the second quarter.
- The balance of opinion was positive regarding the demand for credit from financial institutions during the second quarter. There was an increase in demand from corporate borrowers, while demand from commercial and small-business borrowers was almost unchanged at the time of the survey. This follows a decline in demand from corporate borrowers in the first quarter of 2013.

1 The SLOS defines the pricing of credit as spreads over base rates and/or fees rather than as the level of rates.

**Chart 1: Senior loan officers reported a continued easing in lending conditions for Canadian non-financial firms ...**

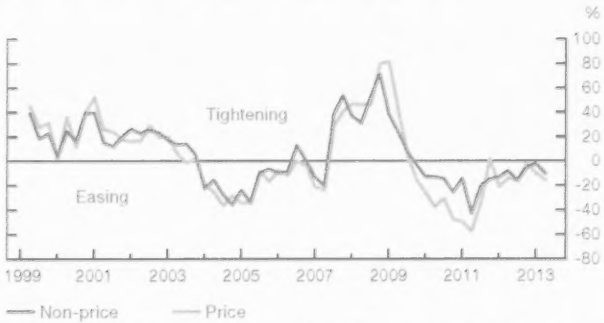
Overall business-lending conditions: Balance of opinion[a]




a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

**Chart 2: ...in both price and non-price terms**

Price and non-price lending conditions: Balance of opinion[a]




a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small-business, commercial and corporate sectors.

The *Senior Loan Officer Survey* collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The second-quarter survey was conducted between 10 and 14 June 2013. Additional information on the survey is available on the Bank of Canada's website.

The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

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